

Bush Revises Prescription Plan

New Medicare Proposal Designed to Meet Court's Objections

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The Bush administration yesterday began a second attempt to make pharmacy discount cards available to all older Americans, producing a refined version of an idea to try to foster lower drug costs for the elderly that a federal court blocked last year.

The proposal preserves the basic premise of the discount cards Bush announced during a Rose Garden ceremony last summer, but it is far more detailed and includes several changes intended to surmount opposition.

It calls for the agency that runs Medicare, the health insurance program for the elderly, to grant a seal of approval to companies and other organizations that prove they can secure lower prices for large numbers of patients.

These sponsors of discount cards would negotiate discounts with drug manufacturers and pharmacies and pass them on to Medicare patients who bought a card.

In contrast with the notion of adding a prescription drug benefit to Medicare, this strategy would provide no federal subsidies to patients.

The proposal differs from Bush's original version in that it would require sponsors of the discount cards to obtain discounts from pharmaceutical manufacturers and to offer a discount on at least one drug in every major category of medicine. It does not specify how large those discounts would have to be, although administration officials predict the savings could be an average of 15 percent.

The new version also spells out that the Medicare program must ensure that elderly patients have easy access to enough information to help them choose which card would save them the most money on the specific medicines they take. And it tries to link the idea with a growing number of similar discount programs being offered by states.

Bush said last summer that such cards would be a quick "first step" toward broader drug coverage for the elderly, more than one-third of whom have no outside help in paying for medicine. He said the program would be in place by the start of this year.

Instead, the administration was sued by trade groups representing pharmacists, who feared the program might come at their expense and contended that the administration lacked legal authority to create it.

Last September, the groups won a significant victory when a federal judge in Washington issued an injunction that stopped the Department of Health and Human Services from putting the program into effect. U.S. District Judge Paul Friedman found that the administration lacked the authority to create such a program unless it either obtained congressional approval or wrote a regulation.

Yesterday's proposal represents a step toward creating such a regulation, and administration officials emphasized that, this time, they are eager to collect outside advice. "It could still change significantly," said Mark McClellan, a senior White House adviser on health care, who said the current goal is for the cards to be available by the end of this year.

Despite the changes, the main critics sounded unswayed.

Larry Kolcut, general counsel for the National Association of Chain Drug Stores, one of the groups that filed the lawsuit, said the association was still "absorbing" the new, 194-page proposal but added: "We don't see that they have proposed anything substantially different that would drive us to believe they have any new authority."

Ron Pollack, executive director of Families USA, a health care consumers lobby, said the new proposal "will provide precious little relief" from drug prices, the fastest-rising portion of the nation's health care spending. He said the proposal is flawed because it does not promise how much of a discount patients could get, does not foster wider use of lower-price generic drugs, and relies on "the good will" of manufacturers to give discounts.

But Thomas A. Scully, administrator of the agency that runs Medicare, said the cards would offer the elderly the same kind of discounts that have long been available to younger people with private insurance.

McClellan said the program would give patients, sponsors of drug cards and the government practice dealing with competing pharmaceutical plans for the elderly – practice that will be useful if Congress creates an actual Medicare subsidy.

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